

[AT&T's Bid for T-Mobile May Raise Wireless Prices, Lawmakers Say](#) (Bloomberg – May 26, 2011)

By Todd Shields and Jeff Bliss

U.S. House lawmakers said they are concerned that [AT&T Inc. \(T\)](#)'s planned purchase of T-Mobile USA Inc. may thwart competition and raise prices for wireless users. The \$39 billion deal would result in more consolidation "than any previous merger" in the wireless communications market, said Representative Bob Goodlatte, a Virginia Republican who heads a Judiciary subcommittee on business competition. He expressed concern the combination would let AT&T charge smaller competitors more money to use the company's mobile network, a process known as roaming. "There are legitimate questions about whether this merger could move the wireless market past the anticompetitive tipping point," Goodlatte said today at a hearing in Washington before his

[panel on competition and the Internet](#)

. At a hearing May 11, senators said they have similar worries. Yesterday, Representative Ed Markey, a Massachusetts Democrat, and Representative John Conyers, a Michigan Democrat, said the transaction would hurt consumers and may result in job losses. "I see no redeeming reason" for federal regulators to approve the transaction, Conyers said today. "Not even one." AT&T Chief Executive Officer Randall Stephenson and Rene Obermann, chief executive officer of

[Deutsche Telekom AG \(DTE\)](#)

, T-Mobile's parent company, told the House panel the deal would mean better service through increased wireless capacity. "The transaction will mean significant benefits," Obermann said.

Combining Forces

The deal announced March 20 for the Deutsche Telekom unit would combine the second- and fourth-largest carriers to create a new market leader, ahead of No. 1 [Verizon Wireless](#) and third- largest

[Sprint Nextel Corp. \(S\)](#)

. The transaction requires approval from the

[Justice Department](#)

and the Federal Communications Commission. Congress doesn't play a direct role in merger reviews. Some lawmakers said they are concerned the acquisition would lead to more unemployment. The word "synergies" often is a "euphemism for massive job losses," said Representative

Mel Watt

, a North Carolina Democrat. While AT&T expects to hire people to help build an advanced wireless network reaching rural areas, Stephenson said, there would be "redundancies" leading to cutbacks. "We will not need two finance organizations, for example," he said. "We will not need two marketing organizations."

Rural Carriers

Rural carriers and some consumer advocates have asked federal authorities to block the transaction. Steven Berry, who represents small competitors as president of the [Rural Cellular Association](#), said the planned purchase will "deal a mortal blow to competition and cause significant harm to consumers" through higher prices and lower quality service. Stephenson said the deal would let the combined company get more capacity from existing spectrum than AT&T and T-Mobile would have operating separately. "AT&T and its partners can continue to develop, introduce and aggressively promote innovative, but capacity-consuming, services, devices and applications," Stephenson said. The deal "would amass an unprecedented amount of spectrum in a single carrier's hands," according to Berry, whose group is based in Washington. "The deal

would further consolidate an industry already teetering on the brink of duopoly.”